

INTERAGENCY AGREEMENT
Between the
EXECUTIVE DIRECTOR OF HEALTH POLICY AUTHORITY
And the
SECRETARY OF SOCIAL AND REHABILITATION SERVICES
Cooperative Agreement

The Executive Director of Kansas Health Policy Authority, on behalf of the Kansas Health Policy Authority (hereinafter referred to as KHPA) and the Kansas Secretary of Social and Rehabilitation Services, on behalf of the Department of Social and Rehabilitation Services (hereinafter referred to as SRS) enter into this Agreement:

ARTICLE I. PURPOSE

- 1.0 The purpose of this Agreement is to assure cooperation and collaboration between KHPA and SRS in performance of their respective duties to provide health care to persons eligible for health care services under Titles XIX and XXI of the Social Security Act and state funded health care programs. This agreement is intended to satisfy state and federal requirements regarding: (a) the role of KHPA as the single state Medicaid agency; (b) the ability to use Titles XIX and XXI funds for allowable administrative costs incurred by SRS; (c) the responsibility for state share funding under Titles XIX and XXI for administrative activities and program services provided to eligible individuals being served by SRS; (d) the roles and responsibilities of SRS and KHPA regarding payment for non-Medicaid services provided to SRS beneficiaries, including but not limited to MediKan and state custody children; (e) the roles and responsibilities of SRS and KHPA regarding policy development and management as well as administration and implementation of policy at the state and SRS regional level; (f) the terms and guidelines for data sharing between SRS and KHPA; and (g) the status of SRS as a Medicaid provider for identified Medicaid services. Medicaid under this agreement is inclusive of the provisions of Title XIX and Title XXI of the Social Security Act.

KHPA and SRS recognize that there are many points of interconnection between their programs and the people who receive services through those programs. In addition, there are areas of natural connection between KHPA and SRS based upon the former structure of SRS, the transition of many SRS staff to KHPA, and the existing job skills of SRS and KHPA staff which include expertise and experience about programs in both agencies. As such, there has been and will continue to be some areas of program administration in which the mutual support and training between KHPA and SRS is beneficial. Both agencies commit to the continued natural use of the knowledge and expertise held by staff of both agencies, and acknowledge the need for cross-training and information sharing between the agencies about program administration issues. In addition, both agencies commit to having ongoing conversations about effective and efficient transition of knowledge and abilities, including at times of transitions (such as staff retirements), with the shared goal of each agency becoming more independently knowledgeable about the program administration issues unique to its programs.

ARTICLE II. THE PARTIES

2.0 HEALTH POLICY AUTHORITY

Unless otherwise modified, "Executive Director" refers to the Executive Director of the Kansas Health Policy Authority.

- (a) KHPA the single state agency, which the Kansas Legislature has designated through K.S.A. 75-7401, et seq., to administer Kansas's Medicaid Program. Under Medicaid, the state and federal governments share in the cost of providing health care to certain needy/indigent persons based upon criteria established by the state within the parameters of federal law.
- (b) The Executive Director has authority to enter into this Agreement pursuant to K.S.A. 75-7401, et seq.
- (c) Except to the extent required by its single state agency role as designated in K.S.A. 75-7409, and amendments thereto, or as otherwise provided pursuant to K.S.A. 75-7401, et seq., KHPA shall not be responsible for health care planning, administration, purchasing and data with respect to the programs set out in K.S.A. 75-7408(b).

2.1 DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Unless otherwise modified, "Secretary" refers to the Secretary of the Kansas Department of Social and Rehabilitation Services.

- (a) Pursuant to K.S.A. 75-7401, et seq., KHPA is hereby delegating authority and responsibility for compliance with all federal and state laws and regulations to SRS for:
 - (1) Medicaid, State Children's Health Insurance Program, and MediKan financial eligibility determination and case maintenance activities that occur under the direction and administration of the SRS Regional Offices and as further defined in the attached Schedules A through E.
 - (2) Administer, purchase, and provide data with respect to the programs described at K.S.A. 75-7408(b) and as further described in the attached Schedules A through E, and initiate, describe, and support the planning and implementation of new policies,
- (b) The Secretary of SRS has authority to enter into this Agreement pursuant to K.S.A. 39-708c.

ARTICLE III. ROLES AND RESPONSIBILITIES

3.0 PROGRAM RELATED OVERSIGHT

- (a) KHPA as the single state agency with responsibility for supervising and administering the state plan for medical assistance under the federal social security act and as the single state agency with exclusive authority for operational and purchasing responsibility for the regular medical portion of the

state Medicaid program, the MediKan program, SCHIP, Working Healthy, the MMI, the restrictive drug formulary and drug utilization program, and as the sole Medicaid agency for the state of Kansas has an administrative oversight function to ensure that all funds expended under such authority are spent appropriately and in accordance with federal and state law, federal and state regulations, the State Plan, State Plan Amendments and Waivers. In accordance with those functions:

- (1) Any program, project or expenditure which in whole or in part utilizes financial resources that are within KHPA's legislative functions and duties, must have conceptual approval by KHPA. SRS will not presume KHPA approval or implementation or timeline through public or other external commitments without prior approval or appropriate consultation with KHPA.
 - (2) No project with KHPA's functions and oversight responsibilities will be submitted to CMS for approval without prior submission to and approval by KHPA. Projects will be developed according to the process description in Schedule B. Projects must be submitted to KHPA in a timely manner to ensure that KHPA has adequate time to review and confer with agency/entity before the proposed submission date.
 - (3) For each such project or program, SRS will include KHPA's designee as a member of a joint planning committee which will develop responsibilities and obligations for entity reporting to KHPA and will develop a reporting plan that addresses: implementation responsibilities, implementation timeline, risk factors to program implementation, risk factors to program management, contingency plans addressing risk factors, and a communication and notification plan.
- (b) KHPA reserves the right to audit all programs, plans or expenditures.
 - (c) Expenditures must be in compliance with relevant statutory authority, regulatory authority, state plans, policies, program manuals and program guidance.
 - (d) Services and the delivery of services must be in alignment with relevant statutory authority, regulatory authority, state plans, policies, program manuals and program guidance.
 - (e) Should KHPA find evidence that any expenditure, service or delivery of service is out of alignment with relevant statutory authority, regulatory authority, state plans, policies, program manuals or program guidance, the agency/entity will be required to develop and present for approval a plan of correction.

3.1 POLICY DEVELOPMENT AND IMPLEMENTATION

- (a) KHPA and SRS will coordinate the development and implementation of all policies which may have an impact on the programs or services of the other agency.
- (b) KHPA and SRS will implement pre-submission planning to allow for advance communication between parties to facilitate policy development and

implementation. The agencies will jointly develop this planning process, and will mutually agree to any changes being made to the process. Both agencies will be expected to follow the process. This process shall include but is not limited to:

- (1) an informal introduction of the policy at a level appropriate to solicit initial policy guidance;
 - (2) submission of a concept paper defining the proposal in writing including establishment of overview of the concept, relationship to current programs, operational parameters, publications and training, system support needs, eligibility, information technology, timelines, potential for change, fiscal impact, staff work load, contact information, risks, and including the draft policy when feasible in the SRS online Policy Development web site process; and
 - (3) formal submission of mature policy change.
- (c) KHPA will have final approval of regulations and State Plan Amendments for all Medicaid programs and services, as well as the implementation of new or changed policies for MMIS or the eligibility system maintained by a contractor pursuant to 42 C.F.R. Sec. 431.10 (e). Each agency shall be responsible for developing regulations, State Plan amendments, MMIS policy changes, and provider manuals available through the KMAP website and SRS will also submit these items to KHPA for approval when they relate to programs which each continues to administer and manage, for submission to and approval by the other agency. KHPA will be responsible for their internal policy development, communication, and review protocols associated with SRS-requested regulation, state plan, MMIS policy, or provider manual changes. KHPA will ensure that its staff and the MMIS Fiscal Agent staff provide timely and clear guidance to SRS staff regarding any such changes, in ways that support SRS as a customer.
- (d) Unless otherwise specified, the definition of a policy in this agreement includes documents used to describe and communicate a program change to the Medicaid fiscal agent and the eligibility contractor for implementation in their respective systems. This policy development process is described in the Kansas Medical Assistance Programs Operations Manual.
- (e) In conjunction with instruction provided by KHPA, SRS shall be responsible for the implementation of new or changed policy in the KAECSES as necessary, and shall reach consensus with KHPA on implementation timelines within available resources.
- (f) Both SRS and KHPA agree to establish procedures and practices which assure the orderly and coordinated development, promulgation and implementation of necessary statutory changes and regulations.
- (g) KHPA and SRS will be responsible for the development of policies related to programs their respective agencies administer, consistent with paragraph (b) above.

- (h) SRS will coordinate with KHPA, prior to adoption, the development and promulgation of policies which could affect expenditure of Medicaid funds. KHPA will coordinate with SRS, prior to adoption, the development and promulgation of policies which could affect the programs SRS continues to administer and manage.
- (i) KHPA and SRS will have designated liaisons to coordinate and collaborate through the policy implementation process.

ARTICLE IV. SCOPE OF WORK

- 4.0 KHPA and SRS will provide both operational and programmatic support to the other, as is outlined, with certain exceptions, in the attached schedules. These schedules are not to be construed as being inclusive of all such support, but serve as an illustration and an attempt to outline the main areas covered. SRS and KHPA shall perform pursuant to the following:

Schedule A: Operational Services
Schedule B: Eligibility Process and Implementation
Schedule C: Medicaid Programs
Schedule D: Cooperative Agreements for Third Party Liability &
Child Support Enforcement
Schedule E: Working Healthy

KHPA and SRS will cooperate and collaborate in all relevant areas and work together in a spirit of good faith and mutual negotiation towards the effective and efficient operation of Medicaid and state-funded health care programs.

- 4.1 The KHPA, pursuant to K.S.A. 75-7401, et seq., and 42 U.S.C. §1902 (a)(5), is empowered to administer the Medical Assistance Program in a proper and efficient manner. KHPA will develop the policies for these programs. SRS will determine eligibility for the family medical applications which are received in the SRS offices and KHPA will determine eligibility for applications received in the Clearinghouse. SRS will determine eligibility for elderly and disabled applications.

SRS will be responsible for monitoring and providing security clearance for access to the KAECSSES system and medical program eligibility data from KAECSSES in accordance with Social Security Administration and HIPAA requirements and the terms of existing and future agreements. An SRS Security Agreement explaining confidentiality requirements must be signed by all requesting access to data residing on SRS systems and standard log-on instructions are provided to new system users when access is granted. KHPA has general oversight and management responsibilities for MMIS information; SRS has general oversight and management responsibilities for KAECSSES information; the agencies will work together to effectively share such data, provide technical assistance to each other in efficiently utilizing such data, and establish criteria for access to data.

- 4.2 SRS shall administer or provide those Medicaid programs outlined in Schedule B to this Agreement in accordance with the approved Medicaid state plan or approved waivers.

- 4.3 KHPA, as the Single State Medicaid Agency with responsibility for supervising and administering the state plan for medical assistance under the federal social security act shall provide SRS with professional technical assistance regarding the ability to use Medicaid funding to meet the health care planning, administration, purchasing and data responsibilities as noted at K.S.A. 75-7408(b), and shall timely notify SRS of all changes that impact Medicaid funding. KHPA shall be the final authority on compensatory Medicaid costs as set forth in Subpart A of 42 C.F.R. 431.10(e)(3).
- 4.4 KHPA reserves the right to review and approve all contracts, memoranda of understanding, interagency agreements, grants, or other similar documents that involve the use of federal Medicaid funds, KHPA will review the documents submitted and determine whether they qualify for Federal Financial Participation (FFP). KHPA will be responsible for notifying SRS, within 3 days of receipt, of any communications from the Centers for Medicare and Medicaid Services (CMS) that may affect such documents.
- 4.5 SRS and KHPA recognize that payment and satisfaction of all Medicaid claims will be made from federal and state funds and that any false claims, statements or documents, or concealment of a material fact related to such payments, may be prosecuted under applicable federal or state laws.
- 4.6 SRS shall provide KHPA, within timeframes agreed to between KHPA and SRS for timely submission to CMS, with estimates of its expenditures relating to all Medicaid administrative and programmatic services provided to its clients. The purpose of this is to meet federal criteria for KHPA as the custodian of the Medicaid and SCHIP federal grant awards. In the event SRS' actual expenditures exceed the estimate provided to KHPA, the reimbursement of federal share may be delayed only if due to insufficient grant awards to KHPA as a result of, and proportional to, SRS expenditures exceeding estimates provided by SRS alone.
- 4.7 SRS certifies to KHPA that the state share monies used to match federal funds or to repay the state share of actual Medicaid expenditures under this Agreement are (i) directly appropriated public dollars of SRS or appropriate local funds certified to SRS as matchable; (ii) not state funds used to match other federal matching programs; and, (iii) not unallowable provider taxes or donations as referenced in 42 U.S.C. § 1396 b(w)(1)(A).
- 4.8 SRS claims for administrative costs shall be in accordance with SRS Cost Allocation Plan approved by the U.S. Department of Health and Human Services.
- 4.9 An audit of the Medicaid Program is performed as part of the Single State Audit each state fiscal year. In general, the costs for each state fiscal year audit on all Medicaid services rendered by SRS shall be borne by SRS.

ARTICLE V. PAYMENTS / REIMBURSEMENT

- 5.0 KHPA shall transfer the federal share of allowable administrative costs expended by SRS biweekly pursuant to the Cost Allocation Plan submitted for approval by the U.S. Department of Health and Human Services. SRS will establish and maintain such records as necessary to document the costs associated with all administrative services

provided under this Agreement. Both agencies will act in accordance with requirements of the federal Cash Management Improvement Act (CMIA).

- 5.1 In accordance with 42 C. F. R. §447.15, providers must accept Medicaid payment as payment in full.
- (a) In consideration of payment for the performance of Medicaid-compensable health-care services described in Schedule B, KHPA shall pay SRS or medical service providers pursuant to the provisions of those schedules. Payment for services shall be made when properly completed claim forms are submitted to the KHPA fiscal agent. All medical claims must meet the timely filing requirements of KHPA and federal requirements as described in 42 C.F.R. §447.45(d).
 - (b) The parties agree that KHPA's payment for services where SRS has been appropriated the state share match (delineated in Schedule C) constitutes KHPA advancing the state share match to SRS. SRS shall reimburse KHPA all advanced payments of state share made on behalf of SRS.
- 5.2 SRS shall reimburse KHPA all payments advanced for non-Medicaid reimbursable expenditures paid by KHPA on behalf of SRS as described in Schedule D, whether the SRS funding source for such expenditures is state or federal dollars for which SRS has authority to spend. KHPA shall bill SRS on a weekly basis 100% of actual claim payments appearing on the KHPA warrant register for non-Medicaid expenditures.
- 5.3 KHPA and SRS shall have forty-five (45) calendar days to pay an undisputed valid invoice or claim pursuant to the terms of this Agreement.
- 5.4 The federal financial participation (FFP) rate in effect for each time period covered under this agreement shall be applied uniformly to all federally-qualifying medical assistance payments occurring in that time period

ARTICLE VI REDUCTIONS OF FEDERAL AWARD

- 6.0 For purposes of this article, a reduction of the federal award shall include any reduction or withholding of the federal grant for Medicaid expenditures related to program reviews, audits, deferrals, disallowances, sanctions, or other reductions of federal funds. SRS and KHPA understand that during the term of this Agreement, CMS or the Health and Human Services Office of Inspector General (OIG) may reduce or recommend a reduction in the amount of federal payments for Medicaid expenditures made in connection with this Agreement.

Each agency is responsible for managing its appropriation of State General Fund dollars and the amount of federal funds available to each agency to fund the Medicaid expenditures assigned to each agency under K.S.A. 75-7401, et seq., this agreement, related State plan amendments or subsequent assignments made in state law during the effective dates of this agreement. If there is a reduction in the federal award, the assignment of the reduction, and the timing of any adjustment, will be resolved on a case-by-case basis between the agencies. Any resulting assignment to SRS will occur

as an adjustment to the next scheduled transfer of federal funds from KHPA to SRS after the reduction of federal funds is made to the federal Letter of Credits of either agency.

- 6.1 If a reduction in federal award occurs because of a failure to timely file a State Plan Amendment, after timely receipt from SRS, or meet technical notice requirements of a State Plan Amendment, or noncompliance with a federal requirement by not changing the State plan or state practice, the KHPA shall be responsible for the difference between the anticipated amount of federal funds and the actual allowed amount of federal funds.
- 6.2 Each agency shall be responsible for any reductions in federal awards that are attributed to sections of the state plan or services that are their responsibilities. If a reduction is applied to a service or portions of the state plan that are jointly administered by SRS and KHPA, the reduction in federal funds will be divided proportionally between the two agencies. This division will be based on the actual or estimated amount of claims for such services that were used to develop the estimate of expenditures for CMS. KHPA shall not be responsible for reductions or losses of federal funds resulting from any acts or omissions by SRS including failure to comply with the Medicaid state plan, failure to implement or enforce provisions of the Medicaid State Plan, or for Medicaid service rendered by an SRS subcontractor.
- 6.3 The parties agree to work cooperatively in appealing any reduction in federal funds and in developing any necessary corrective action plans. In the event of a successful appeal and the return of federal funds, the returned funds will be distributed to the agency that was assigned responsibility for the original reduction in funds under Sections 6.1 or 6.2.
- 6.4 The parties understand that the cause of a reduction in federal funds may not be clearly attributable to Section 6.1 or Section 6.2, or that they may not agree that the cause is attributable to either section. In the event the cause of a reduction in federal funds is not clearly attributable to Section 6.1 or 6.2, or in the event that the parties cannot agree on the cause of the reduction in federal funds, the parties will exercise due diligence and cooperation across agencies in an attempt to reach resolution. Each agency will provide information and access to employees as necessary to resolve the disagreement. In the event resolution is not possible at managerial levels, the Executive Director and Secretary will meet to resolve the dispute. If a resolution can not be reached by the Executive Director and Secretary, the final decision rests with the KHPA.

ARTICLE VII. DISPUTE RESOLUTION

- 7.0 The parties recognize that situations will arise when there is dispute or difference of opinion between the parties or their agents about the interpretation, application or implementation of a term or terms of this interagency agreement.
- 7.1 When such disputes or differences arise, it is the intention of the parties that they be resolved informally and amicably between the parties, through communication and problem solving between managers empowered by their respective agencies to resolve the issues at hand.
- 7.2 If a dispute or difference cannot be resolved between involved managers, it should be referred, through whatever operational protocol each agency develops, to the Secretary

or Executive Director of the agency desiring to pursue additional consideration of the matter.

- 7.3 When the Secretary or Executive Director get a referral of an unresolved dispute or difference, then the Secretary and Executive Director will confer about the matter in order to consider all potential problem solving options and arrive at a resolution decision. If the Secretary and Executive Director desire to appoint a review team, or a facilitator, or both to assist in the informal resolution of the dispute or difference, they can agree together to do so on whatever terms and timeline they mutually develop.
- 7.4 After the Secretary and Executive Director have reviewed the dispute or difference, they will attempt to mutually arrive at a decision through whatever consensus or agreement process they desire to use, and the resolution decision reached between them will be final and binding as to the matter reviewed and in accordance with the terms of the resolution decision.

ARTICLE VIII. AUDIT AND INSPECTION

- 8.0 KHPA and SRS agree to fully cooperate with each other and any authorized auditing agency or entity, Federal or State, for the purpose of compliance with all required reporting and auditing of Titles XIX and XXI programs. SRS agrees to fully cooperate with the KHPA Inspector General (KHPA IG), to provide the KHPA IG with records requested to assist the KHPA IG with the performance of its statutory duties.
- 8.1 KHPA and SRS shall keep such records as are necessary to disclose fully the eligibility for and the extent of service provided or authorized by KHPA and SRS to Medicaid beneficiaries, and, upon request and when necessary for the administration and legal oversight of Medicaid, SCHIP or any other public benefit or public assistance program falling within the authority of the KHPA, shall furnish records and information not already available to the requester regarding any claim for providing or authorizing such service to each other, the Kansas Attorney General's Medicaid Fraud Control Unit (MFCU), and the U.S. Secretary of Health and Human Services for six years from the date of service if the records and information contain protected health information. If no protected health information is involved, the records and information shall be retained and furnished in accordance with timelines set out in each agency's record retention policy. KHPA and SRS shall not destroy or dispose of records, which are under audit, review or investigation when the record retention limitation is met. KHPA and SRS shall maintain such records until informed in writing by the auditing, reviewing or investigating agency that the audit, review or investigation is complete.
- 8.2 Authorized representatives of KHPA, KHPA IG, MFCU, and the Secretary of HHS shall have the right to examine records relating to authorization for payments and services, financial statements or claims submitted by SRS under this Agreement and to audit SRS' financial records as provided by 42 C.F.R. § 431.107 to the extent applicable.
- 8.3 KHPA and SRS shall submit, within thirty-five calendar days of a request from each other, MFCU, or the Secretary of HHS, all documents, records, and information in its possession, custody, or control concerning the ownership of any subcontractor with whom KHPA or SRS have had Medicaid business transactions.

- 8.4 KHPA shall have the right to interview SRS personnel regarding any claim for denying, providing or authorizing services, and SRS shall make its employees available for this purpose.
- 8.5 SRS and KHPA will make available copies of internal audit reports resulting from audits performed on third-party providers who receive Title XIX waiver funds and notify each other when findings indicate improper use of funds.
- 8.6 KHPA will be responsible for reviewing the accuracy of claims processing and third party liability considerations. SRS will provide Quality Control (QC) reviews regarding eligibility determinations at the direction of KHPA based on established audit plans, CMS requirements, or quality improvement plans adopted by KHPA until September 30, 2007. Beginning October 1, 2007, quality control reviews, including eligibility reviews on open, closed and denied cases, will become the responsibility of KHPA.

ARTICLE IX. CONFIDENTIALITY AND INFORMATION SHARING

- 9.0 SRS and KHPA agree that client data is confidential on all systems and will be treated confidentially. This includes that Medicaid beneficiary information is confidential and shall be safeguarded pursuant to the HIPAA Privacy laws and regulations, 42 U.S.C. § 1396a(7), 42 C.F.R. § 431.300-306 and applicable State law.

KHPA and SRS agree that client data is confidential on all systems and will be treated confidentially. This includes data received from the Social Security Administration and shared among agencies and contractors approved through mutual data use agreements with SSA. Also, Medicaid beneficiary information is confidential and shall be safeguarded pursuant to the HIPAA Privacy laws and regulations, 42 U.S.C. § 1396a(7), 42 C.F.R. § 431.300-306 and applicable State law.

- 9.1 KHPA and SRS will share all relevant information about Medicaid and state-funded health care programs as needed to efficiently and effectively deliver services and manage service programs, including related outreach, eligibility, and quality assurance program activities. KHPA will convene periodic meetings between the Executive Director and the Secretary of SRS, regular meetings between the Deputy Director and the Deputy Secretary, as well as meetings between KHPA staff and SRS staff responsible for managing the programs detailed in Appendix B of this agreement to ensure that information is shared in an organized, timely manner. Reasonable notice will be provided when requesting new information.
- 9.2 SRS and KHPA shall notify each other of all available information when fraud or abuse by a provider, service applicant, or service is suspected or discovered and is related to SRS-related work as defined in Section 2.1, or when a provider has been excluded from participation in Medicare or Medicaid.
- 9.3.0 Confidentiality Under the Health Insurance Portability and Accountability Act, 1996 (HIPAA):

DEFINITIONS:

Business Associate. "Business Associate" shall mean the Kansas Secretary of Social and Rehabilitation Services (SRS) or Department of Social and Rehabilitation Services (SRS) and shall have the same meaning as the term "Business Associate" in 45 CFR § 160.103.

Covered Entity. "Covered Entity" shall mean Kansas Health Policy Authority (KHPA) as defined in 45 CFR § 160.103.

Individual. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

Protected Health Information. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

Required By Law. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.103.

Data Aggregation Services. "Data Aggregation Services" shall mean, with respect to Protected Health Information created or received by a Business Associate in its capacity as a Business Associate of Covered Entity, the combining of such Protected Health Information by the Business Associate with the protected health information received by the Business Associate in its capacity as a business associate of another covered entity, to permit data analyses that relate to the health care operations of the respective covered entities, as defined in 45 CFR § 164.501.

Designated Record Set. "Designated Record Set" shall mean, pursuant to 45 CFR § 164.501, a group of records maintained by or for the covered entity that consists of the following:

- a. medical records and billing records about Individuals maintained by or for a health care provider;
- b. enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or
- c. used in whole or in part, by or for Covered Entity to make decisions about Individuals. For these purposes, the term "record" means any item, collection, or grouping of information that includes PHI and is maintained, collected, used, or disseminated by or for Covered Entity.

Electronic Transactions Standards. “Electronic Transactions Standards” shall mean the Standards for Electronic Transactions at 45 CFR Parts 160 and 162.

HHS. “HHS” shall mean the United States Department of Health and Human Services.

Other Terms. Other capitalized terms shall have the meaning ascribed to them elsewhere in this Agreement, or, if no such definition is specified herein, shall have the same meaning as those terms in 45 CFR §§ 160.103 and 164.501. Any reference to any Part, Subpart or section in the Code of Federal Regulations (“CFR”) shall include any regulation issued thereunder regardless of the date of issue.

KHPA is a covered entity under the act and therefore SRS is not permitted to use or disclose health information in ways that KHPA could not. This protection continues as long as the data is in the hands of the Contractor/Grantee.

Definition: For purposes of this section, the terms “Protected Health Information” and “PHI” shall have the same meaning as the term “protected health information” in 45 CFR § 160.103 and is individually identifiable information in any medium pertaining to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual, that Business Associate receives from Covered Entity or that Business Associate creates or receives on behalf of Covered Entity. The terms “Protected Health Information” and “PHI” apply to the original data and to any health data derived or extracted from the original data that has not been de-identified. Electronic protected health information (EPHI) is a subset of PHI and means individually identifiable health information that is transmitted by or maintained in electronic media.

- a) Required/Permitted Uses — Section 164.504(e)(2)(i): Business Associate is required/permitted to use the PHI for the following purposes:

To efficiently and effectively deliver services and manage service programs, including related outreach, eligibility, and quality assurance program activities as provided for within this agreement and as necessary for treatment, payment and operations.
- b) Required/Permitted Disclosures — Section 164.504(e)(2)(i): Business Associate shall disclose Covered Entity’s PHI only as allowed herein or as specifically directed by Covered Entity.
- c) Limitation of Use and Disclosure — Section 164.504(e)(2)(ii)(A): Business Associate agrees that it will not use or further disclose the PHI other than as permitted or required by this contract or as required by law.
- d) Disclosures Allowed for Management and Administration Section — 164.504(e)(2)(i)(A) and 164.504(e)(4)(i): Business Associate is permitted to use and disclose PHI received from Covered Entity in its capacity as a Business Associate to KHPA if such use is necessary for proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

- e) Minimum Necessary: Business Associate agrees to limit the amount of PHI used and/or disclosed pursuant to this section to the minimum necessary to achieve the purpose of the use and disclosure.
- f) Safeguarding and Securing PHI — Sections 164.308, 164.310, 164.312, 164.314 and 164.504(e)(2)(ii)(B): Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI and or EPHI that the Business Associate creates, receives, maintains, or transmits. Business Associate will furnish Covered Entity with a written description of such safeguards taken upon request. Business Associate agrees to allow authorized representatives of Covered Entity access to premises where the PHI and or EPHI is kept for the purpose of inspecting physical security arrangements.
- g) Agents and Subcontractors — Section 164.504(e)(2)(ii)(D): Business Associate will ensure that any entity, including agents and subcontractors, to whom it discloses PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions, conditions and safeguards that apply to Business Associate with respect to such information.
- h) Right to Review: Covered Entity reserves the right to review terms of agreements and contracts between the Business Associate and subcontractors as they relate to the use and disclosure of PHI belonging to Covered Entity.
- i) Ownership: Business Associate shall at all times recognize Covered Entity's ownership of the PHI.
- j) Notification — Section 164.304, 164.314 (a)(2)(C) and 164.504(e)(2)(ii)(C): Business Associate shall notify Covered Entity both orally and in writing of any use or disclosure of PHI and or EPHI not allowed by the provisions of this Agreement of which it becomes aware, and of any instance where the PHI is subpoenaed, copied or removed by anyone except an authorized representative of Covered Entity or the Business Associate.
- k) Business Associate will notify the KHPA Privacy Officer immediately by telephone of any breach of security or privacy. If unable to contact the KHPA Privacy Officer by telephone, Business Associate will send an e-mail to the Privacy Officer. Business Associate will follow phone or e-mail notification with a faxed or other written explanation of the breach, to include the following: date and time of the breach, media or medium that contained the PHI, origination and destination of PHI, Business Associate unit and personnel associated with the breach, detailed description of PHI, anticipated mitigation steps, and the name, address, phone, fax number, and e-mail of the individual who is responsible for the mitigation. Address communications to:

KHPA Privacy Officer
Kansas Health Policy Authority
900 S.W. Jackson Street, Room 900-N
Topeka, Kansas 66612-1220

Phone: (785) 296-3981
Fax: (785) 296-4813
E-mail: frank.gose@khpa.ks.gov

Business associate shall update their privacy and security policies, procedures, processes and protections as operational and environmental changes warrant safeguarding the privacy and security of health information provided under this agreement. On a biennial basis, Business associate shall conduct a review and evaluation of physical and data security operating procedures and personnel practices and shall provide covered entity with verification of such review.

In the event of a security breach or disclosure that compromises the privacy or integrity of PHI, business associate shall take all measures required by state or federal law. Business associate shall provide KHPA with a copy of its investigation results. KHPA will take appropriate remedial measures up to termination of this contract. KHPA will also report all matters to the Centers for Medicare and Medicaid Systems as required by SMDL #06-022.

All health information exchanged between covered entity and business associate will be via a secure mechanism. If electronic media is utilized, such information will be password protected by a password consisting of at least eight characters with four character types (upper case, lower case, symbols and numbers) and will be encrypted.

- k) Transmission of PHI — Section 164.312 (c)(1) and 164.312 (c)(2): Business Associate agrees to follow the HIPAA standards with regard to the transmission of PHI.
- l) Employee Compliance with Applicable Laws and Regulations: Business Associate agrees to require each of its employees having any involvement with the PHI to comply with applicable laws and regulations relating to security, confidentiality and privacy of the PHI and with the provisions of this Agreement.
- m) Custodial Responsibility: Business Associate shall designate an employee custodian of PHI and shall keep Covered Entity informed of the identity of that employee who will be responsible for observance of all conditions of use. If custodianship is transferred within the organization, Business Associate shall notify Covered Entity promptly.
- n) Access, Amendment, and Accounting of Disclosures — Section 164.504(e)(2)(ii)(E-G): Business Associate will provide access to the PHI in accordance with 45 C.F.R. Section 164.524. Business Associate will make the PHI available for amendment and incorporate any amendments to the PHI in accordance with 45 C.F.R. Section 164.526. Business Associate will make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. Section 164.528.
- o) Documentation Verifying HIPAA Compliance — Section 164.504(e)(2)(ii)(H): Business Associate will make its policies, procedures, and documentation

relating to the security and privacy of protected health information, including EPHI, available to the Secretary of Health and Human Services for purposes of determining Covered Entity's compliance with 45 C.F.R. Parts 160 and 164. Business Associate will make these same policies, procedures, and documentation available to Covered Entity or its designee upon request.

- p) Contract Termination — Section 164.314 (a)(2)(i)(D) and 164.504(e)(2)(ii)(I): Business Associate agrees that within 45 days of the termination of this contract, it will return or destroy, at Covered Entity's direction, any and all PHI that it maintains in any form and will retain no copies of the PHI. If the return or destruction of the PHI is not feasible, the protections of this section of the contract shall be extended to the information, and further use and disclosure of PHI is limited to those purposes that make the return or destruction of PHI infeasible. Any use or disclosure of PHI except for the limited purpose is prohibited.
- q) Termination for Compliance Violation — Section 164.314 (a)(2)(i)(D) 164.504(e)(2)(iii) and Section 164.504(e)(1)(ii): Business Associate acknowledges that Covered Entity is authorized to terminate this Agreement if Covered Entity determines that Business Associate has violated a material term of this section of the Agreement. If termination of the Agreement is not feasible due to an unreasonable burden on Covered Entity, Business Associate's violation will be reported to the Secretary of Health and Human Services, along with steps Covered Entity took to cure or end the violation or breach and the basis for not terminating the Agreement.

9.3.1 General Terms.

- a. Interpretation of Provisions. In the event of an inconsistency between the provisions of this Agreement and the mandatory terms of the Privacy Rule (as may be expressly amended from time to time by the HHS or as a result of final interpretations by HHS, an applicable court, or another applicable regulatory agency with authority over the Parties), the terms of the Privacy Rule shall prevail.
- b. Provisions Permitted by Privacy Rule. Where provisions of this Agreement are different from those mandated by the Privacy Rule, but are nonetheless permitted by the Privacy Rule, the provisions of the Agreement shall control.
- c. Conflicts with Services Agreement. In the event of an inconsistency between the provisions of this Agreement and the Services Agreement, the provisions of this Agreement shall control.
- d. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy Rule, the Electronic Transactions Standards, or any other requirement under the HIPAA law

9.3.2 Term and Termination.

- a. Term. The Term of this Agreement shall be effective as of the date first documented above, and shall terminate upon termination for any reason of the Services Agreement, or as otherwise provided in this Agreement.
- b. Termination with Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 - (1) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and the Services Agreement (or the applicable provisions thereof) if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - (2) Immediately terminate this Agreement and the Services Agreement (or the applicable provisions thereof) if Business Associate has breached a material term of this Agreement and cure is not possible; or
 - (3) If neither termination nor cure are feasible, report the violation to the Secretary of Health and Human Services.

The termination provisions of this Section 7.3.2 shall supersede any other termination provisions of the Interagency Agreement.

9.3.3 Effect of Termination.

- a. Except as provided in paragraph (b) of this Section 7.4, upon termination of this Agreement for any reason, Business Associate shall return or destroy (at Covered Entity's election), and shall retain no copies of, all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. Business Associate shall ensure that this provision shall apply equally to PHI that is in the possession of subcontractors or agents of Business Associate.
- b. In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to Covered Entity written notification of the conditions that make return or destruction infeasible. Upon Covered Entity's written approval, which shall not be unreasonably withheld, Business Associate may retain the PHI, but shall extend the protections of this Agreement (including, but not limited to, Articles I, II, III, IV, and V) to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

9.3.4 Property Rights.

All PHI shall be and remain the exclusive property of Covered Entity. Business Associate agrees that it acquires no title or rights to the PHI, including any de-identified information, as a result of this Agreement.

ARTICLE X. TERM OF THE AGREEMENT AND TERMINATION

- 10.0 The terms of this Agreement shall be effective from July 1, 2007, until June 30, 2008.
- 10.1 Either party may terminate for material breach of agreement with a thirty (30) day written notice to the other party. Either party may terminate without cause with a sixty (60) day written notice to the other party contingent upon no statutory requirement dictating otherwise.
- 10.2 In the event funding of the Medicaid Program from State, Federal, or other sources is withdrawn, reduced, or limited to the extent that either party determines the expectations of this agreement cannot be reasonably met, this Agreement may be modified consistent with Section 3.1. KHPA shall be obligated to pay the SRS for all Medicaid compensable services rendered through the last date the Agreement is effective, including claims submitted after the Agreement is terminated.

ARTICLE XI. GENERAL PROVISIONS

11.0 AMENDMENTS / MODIFICATIONS

Any amendments or modifications to this Agreement must be in writing and signed by both parties 30 days prior to the effective date of the amendment or modification. In the event either party wishes to modify or discontinue the provision of any of the administrative or program supports contained in this Agreement or its attached Schedules which might have a fiscal impact on one or the other party, the party desiring the change or modification will, to the extent practical, permit that change to occur at the end of the next calendar quarter.

11.1 ASSIGNMENT

SRS shall not assign or transfer rights or obligations under this Agreement without prior written consent of KHPA.

11.2 FORM DA-146a

The provisions found in Contractual Provisions Attachment (form DA-146a), which is attached hereto, are hereby incorporated in this contract and made a part thereof.

11.3 LAWS APPLICABLE

- (a) The parties to this Agreement agree to comply with all applicable federal and State statutes and regulations, and acknowledge and expect that over the term of this Agreement, laws and regulations may change. Specifically, the parties acknowledge and expect (i) federal Medicaid statutes and regulations, (ii) state Medicaid statutes and rules, and (iii) federal and state statutes and rules governing practice of health-care professions and the delivery of health care

services may change. The parties shall be mutually bound by such changes and shall reach consensus on implementation timeline within available resources.

- (b) All questions pertaining to validity, interpretation, and administration of this Agreement shall be determined in accordance with the laws of the State of Kansas, regardless of where any service is performed.
- (c) If any portion of this Agreement is found to be invalid or in violation of State or Federal statutes, that portion shall be stricken from this Agreement and the remainder of the Agreement shall remain in full force and effect.

AGREEMENT:

By: _____
Marci Nielsen, Ph.D. Date
Executive Director, Kansas Health Policy Authority

By: _____
Don Jordan Date
Secretary, Kansas Department of Social and Rehabilitation Services

SRS INTERAGENCY AGREEMENT

LIST OF SCHEDULES

- Schedule A: Operational Services
- I. Office Support Services
 - II. Financial
 - III. Information Systems Services
 - IV: Legal Counsel
 - V. Administrative Functions Supporting SRS Administered Medical Programs
- Schedule B: Eligibility Process and Implementation
- Schedule C: Medicaid Programs
- Schedule D: Cooperative Agreement for Third Party Liability (TPL) and Child Support Enforcement
- Schedule E: Working Healthy

SCHEDULE A

ADMINISTRATIVE SUPPORT SERVICES

PURPOSE

Both SRS and KHPA recognize that the work projects and priorities of one will often connect to or have a practical impact upon the other. Because of the interconnection between the agencies and their customers, as well as the fluctuating environment in which both agencies conduct their business (the need to be responsive to federal direction, legislative direction, stakeholder needs, and so on), it is essential that the agencies have effective partnership practices. The agencies will jointly develop protocols for the support of this partnership, which will be informed by both agencies, will focus on both program level connections and leadership level connections, will take into account both routine and extraordinary (by timing, magnitude, system change and similar agreed indicators) business needs and how those needs will be differently met, and will specifically consider the business priorities of each agency. These protocols will be assembled in writing, and will be regularly reviewed and adjusted so that both agencies can effectively respond to changes in the business environment as necessary. The specifics of this schedule govern current needs and practices between the agencies.

The schedule describes those administrative support services provided by SRS and KHPA to support the day-to-day operations of the Medicaid program. The following schedule identifies the responsibilities of the various SRS and KHPA divisions. Unless otherwise stated the following services are described in the SRS Cost Allocation Plan or represent direct costs that are allowable as Medicaid administrative costs. SRS is responsible for the state share of Medicaid administrative expenditures identified in the SRS Cost Allocation Plan or a direct cost.

This schedule also describes the administrative functions performed by both SRS and KHPA related to the delivery of direct medical services under the Medicaid program as stated in the Kansas Medicaid State Plan. KHPA acknowledges that these administrative services are performed by various divisions within SRS.

Both KHPA and SRS recognize responsibilities imposed upon KHPA, as the Agency authorized to administer the Medicaid program and acknowledge the importance of ensuring that KHPA retain the authority to discharge its responsibilities.

I. SCOPE OF WORK - OFFICE SUPPORT SERVICES

A. Record Maintenance and Storage

SRS shall provide maintenance and storage of hard copy Medicaid files related to eligibility in the SRS Records Center or in the regional offices for KHPA. SRS will receive requests for retrieval of files from KHPA. SRS will provide requested files within four (4) working days, unless it is an emergency, at which time other arrangements agreeable to both parties will be made.

II. SCOPE OF WORK - FINANCIAL

A. Receivables

1. KHPA shall have responsibility for receiving, receipting, and depositing funds for payments originally paid through the MMIS. Each agency shall retain responsibility for receiving, receipting, and depositing funds for payments originally paid by that agency.

B. Cash Management

1. SRS will receive the Medicaid Management Information System (MMIS) claims payment file on a weekly basis and use FARMS to process the file for payment to providers. FARMS will be modified to identify Medicaid expenditures that are the responsibility of SRS (as described in Schedule B, Section II). These expenditures will be charged to the appropriate SRS State General Fund and Federal Medicaid funds in the state accounting system, hereinafter referred to as STARS.
2. KHPA plans to convert the MMIS claims payment file output to submit directly into STARS. When this occurs, KHPA agrees to continue providing SRS with a claims payment file through whichever means is most appropriate.
3. KHPA and SRS mutually agree that when expenditures are charged to the wrong agency through the MMIS, interfund vouchers will have to be processed so all of the expenses ultimately show in the correct agency.
4. All activities related to the Federal-State agreement implementing the Cash Management Improvement Act (CMIA) for the Title XIX program will be the responsibility of the KHPA.
5. KHPA shall assure the disbursement of the federal share of SRS administrative cost at least every two weeks.

C. Federal Financial Participation Accounting

KHPA will draw all Title XIX federal funds, including Federal Financial Participation for SRS program and administrative activities.

1. KHPA and SRS will during the term of this agreement maintain separate cost allocation plans for their Title XIX direct and indirect administrative claiming. This plan will meet the requirements of the Department of Health and Human Services Division of Cost Allocation and OMB Circular A-87.
2. Federal Financial Participation for SRS program expenditures will be drawn at least every two weeks against actual expenditures and deposited in a fund as designated by SRS. The applicable Federal Financial Participation rate for SRS program expenditures are stated in Article IX, Section 9.1(B) of this Agreement.

3. Federal Financial Participation for SRS administrative expenditures will be drawn in accordance with CMIA in an amount determined by SRS. Such expenditures shall be deposited in a fund as designated by SRS. Administrative draws will be reconciled to actual expenditures on a quarterly basis.
4. KHPA will prepare and submit quarterly expenditure and estimate reports of Title XIX expenditures, including but not limited to the CMS 37 and CMS 64. SRS and KHPA will work together to ensure that information needed to complete the reports is available consistent with the reporting schedule. SRS also will cooperate with CMS staff and provide additional information as needed to respond to CMS questions.

D. Budget

1. SRS will provide KHPA its submitted annual budget estimates and all subsequent revisions for all SRS non-Title XIX medical expenditures paid through the KHPA MMIS system and for all Title XIX programs for which SRS retained the state appropriated funding.
2. KHPA will provide SRS its submitted annual budget estimates and all subsequent revisions for Title XIX programs.
3. SRS and KHPA will exchange budget enhancement and reduced resource proposals in advance of the budget submission deadline set by the Director of the Budget. Proposals that would change Title XIX Medicaid or Title XXI expenditures, including but not limited to changes in benefit plan, payment rates, eligibility requirements, or number of people served, will be developed with an opportunity for comment and input by the other agency.
4. KHPA reserves the right to provide complementary fiscal impact statements for budget enhancements, reduced resource items, proposed legislation to the legislature and budget office, Governor's budget amendments, and other items that involve the expenditure or possible expenditure of Title XIX or Title XXI federal funds.

E. Caseload

KHPA will generate the monthly Medical Assistance Report (MAR) and make it available to SRS. The expenditure portion of the report will be developed based on the CMS Categories of Service. This will distinguish between services managed by KHPA and SRS based on Schedule B. The population based data on beneficiaries and consumers will be produced in its current format.

SRS and KHPA separately will generate estimates for the Consensus Caseload estimates as part of the Governor's Budget Report in November and the Legislative budget in April. SRS and KHPA will

provide technical assistance in consultation with each other as needed in arriving at each of their respective agency's caseload estimates.

III. SCOPE OF WORK - INFORMATION SYSTEMS SERVICES

A. SRS Responsibilities

SRS shall provide or adhere to the general support services requirements stated below.

1. SRS will provide services related to MMIS and other systems' security and access (including KAECSSES and EATSS). These services will be provided under current procedures to all SRS staff and to KHPA and KHPA contractors.
2. SRS will work with KHPA to support all MMIS-related system interface and data services needed to support beneficiary eligibility and claims processing. This includes, but is not limited to daily and monthly KAECSSES eligibility transmissions, Medicare entitlement transmissions, and SCRIPTS data sharing.
3. SRS will comply with the applicable policies and procedures of KHPA in carrying out the functions necessary to support the Medicaid program.
4. SRS will cooperate and participate in all state and federal audits and reviews of data processing operations and maintain and supply all records and information required in such audits and reviews.
5. SRS Business Units will meet as required with KHPA staff to provide recommendations and technical assistance to KHPA in the establishment of SRS priorities related to the programming and operations of the Medicaid program.
6. The appropriate SRS Business Unit will notify KHPA of any crisis or extreme conflict of priorities prior to making any material change in computer processing priorities related to the operations of the Medicaid program.
7. SRS will provide services including, but not limited to:
 - (a) On-line access to KAECSSES for KHPA staff and contractors
 - (b) Existing KAECSSES interfaces and data extracts
 - (c) Mutually agreed to access to data acquired from other agencies such as, but not limited to, the Kansas Department of Health and Environment and Kansas Department of Revenue, the Social Security Administration, and the Department of Labor, consistent with authorization by written agreement with these entities.
 - (d) Online access to Kansas Economic and Employment Support Manual (KEESM) manual and training, and Policy Development site on the SRS intranet.

8. Provide state funds for changes to the Medicaid fiscal agent MMIS contract which KHPA determines will require additional funding and are made to support SRS-maintained programs, whether mandated by CMS or initiated at the direction of SRS, and to work with KHPA to develop Advanced Planning Documents to be sent to CMS for enhanced federal funding. If such changes are jointly initiated by KHPA and SRS and are made to support both KHPA and SRS programs, the state share of the costs of these changes will be provided by both KHPA and SRS in direct proportion to the share of the costs of the changes attributable to each agency's program or, if that cannot be determined, the costs will be shared equally by each agency.
9. SRS agrees to work through staff in KHPA to provide direction to the Medicaid fiscal agent contractor. KHPA agrees to work through SRS/EES system management staff to request design changes to the eligibility system (KAECSES) and corresponding interfaces with the MMIS and other KHPA contractor systems.
10. SRS and KHPA agree to keep each other informed of any environmental changes related to technical infrastructure, connectivity, staff or equipment location that would impact the other agency.
11. SRS and KHPA agree to maintain a secure networking environment between their respective networking infrastructures.
12. The agencies will mutually establish a defined process for responding to KHPA requests for SRS development of new system programming. KHPA requests will be considered along with other SRS programming requests necessitated by federal, state, or SRS policy changes.
13. SRS will acknowledge receipt of work requests and data requests from KHPA within 3 business days of the request by the appropriate SRS Business unit. SRS will follow their standard process to analyze the requests and priorities with other pending projects, designate an employee as a single point of contact and provide a timeframe for completion. SRS will ensure that its' staff provide timely and clear guidance to KHPA staff regarding any such changes, in ways that support KHPA as a customer.
14. SRS will identify a security representative from its staff to KHPA.

B. KHPA Responsibilities

1. KHPA shall comply with the policies and procedures of SRS in using SRS supported systems.
2. KHPA shall identify a security representative from its staff to SRS. The KHPA security representative will:

- (a) Inform SRS of name changes, transfers and termination of staff with user-ID's within three (3) business days of the change.
 - (b) Conduct periodic reviews of user-ID reports.
 - (c) Establish new user-IDs as needed.
 - (d) Monitor terminal access and security.
- 3. KHPA will submit written requests for changes to KAECSSES AE to the SRS AE Manager with as much notice as feasible in advance of the planned implementation date. KHPA shall work with SRS staff to establish priorities for KAECSSES changes requested by KHPA. KHPA shall meet as required with SRS staff to review priorities and planning.
 - 4. KHPA acknowledges that the KAECSSES AE eligibility system is used to determine eligibility and support case management for numerous SRS currently administered programs including TANF, GA, and Food Stamps in addition to Medicaid programs. Priority for KAECSSES system changes must be reviewed and negotiated considering the impact on the other programs.
 - 5. KHPA shall cooperate in the resolution of any crises or conflicts of priorities related to the data processing needs of the Medicaid program.
 - 6. KHPA shall continue to permit access to Medicaid-related databases systems including the MMIS and other databases subject to specification, provided such access is for the purpose of carrying out the terms and spirit of the cooperative agreement between SRS and KHPA. SRS acknowledges that all such items are KHPA responsibility to maintain and update.
 - 7. Continue all MMIS fiscal agent services currently provided for programs administered by SRS.
 - 8. KHPA will give SRS staff necessary access to paid claims files history and any other files for purposes related to this schedule. SRS will be given data files of paid claims extracts and agrees to maintain the data at SRS. SRS will generate data reports of paid claims for all divisions of SRS.
 - 9. Perform, through the Medicaid fiscal agent, utilization reviews necessary to meet federal requirements under 42 CFR 456, and to involve SRS in the resolution of problems found through this process as they apply to SRS-administered programs.
 - 10. KHPA will promptly notify SRS of any and all significant issues involving programs operated by SRS, and will provide SRS advance notification of actions involving SRS providers or customers taken by KHPA or its fiscal agent on such things as recoupments, audits, utilization reviews or other potentially controversial events. All information shared with SRS pursuant to this provision will be safeguarded in accordance with KHPA guidelines and directives.

11. KHPA shall cooperate and participate in all state and federal audits and reviews of data processing operations and maintain and supply all records and information required in such audits and reviews.
12. KHPA shall provide SRS a status on any MMIS project initiated by SRS as agreed upon.
13. KHPA will deliver annually its disaster recovery plan, as it relates to eligibility, to SRS.
14. KHPA will continue to share the responsibility for manual processing and updates to duplicate individual data errors in KAECSSES. This responsibility is shared, as the errors are caused by staff in both agencies and corrections are mutually beneficial.

IV. SCOPE OF WORK - LEGAL COUNSEL

- A. The general counsels of SRS and KHPA may develop separate agreements which address their separate and joint responsibilities for any future and pending legal matters not specifically discussed in this Schedule, taking into account the best interests of the State of Kansas, SRS and KHPA. Any substantive or procedural issues not addressed herein shall be resolved by separate agreement.
- B. Requests for fair hearings for any Family Medical case and PMDT will be handled by KHPA, including those decisions made by SRS. For SRS Family Medical decisions, the eligibility worker will assist KHPA in development of the fair hearing summary and supporting information. In rare instances, the SRS eligibility worker may need to be present at the hearing. SRS will make available its employees to participate in the fair hearing process.
- C. For all other medical assistance cases the agency making the decision is responsible for all activities related to the fair hearing.
- D. As with any fair hearing, if the appellant is represented by an attorney the agency will also have representation. For SRS, regional legal staff or another attorney assigned by the SRS General Counsel will provide necessary representation. For KHPA, KHPA central legal staff will provide necessary representation.
- E. For medical assistance cases, KHPA, as the single state Medicaid agency, will conduct reviews of initial orders issued by the Office of Administrative Hearings (OAH) for the purpose of making final orders. The Executive Director of KHPA will appoint a State Appeals Committee (SAC) in accordance with K.A.R. 30-7-78, to conduct the review of SRS program related decisions. The current SAC process includes 2 permanent SAC members from KHPA and a floating member (from either KDOA or SRS) to allow participation from other agencies.
- F. KHPA and SRS jointly will continue to provide legal consultation to SRS staff on eligibility policies and procedures regarding such issues as treatment of trusts and annuities, transfer of property issues, and spousal impoverishment

determinations. KHPA and SRS will continue to work cooperatively regarding investigation support services.

- G. Fair hearings may involve medical assistance issues and issues related to one or more non-medical assistance programs administered by SRS. For beneficiary convenience, these hearings will be combined. These cases will be handled in the usual manner through the initial hearing stage. A joint State Appeals Committee will conduct the review of the initial order. The joint State Appeals Committee will be composed of three (3) KHPA and three (3) SRS members. The KHPA members of the SAC will issue the order pertinent to medical assistance matters and the SRS members of the SAC will issue the order pertinent to non-medical assistance programs administered by SRS.

V. ADMINISTRATIVE FUNCTIONS SUPPORTING SRS-ADMINISTERED MEDICAL PROGRAMS

- A. 1915(c) Home and Community Based Services Waiver (HCBS) and 1915(b) Waiver Programs
 - 1. SRS has responsibility for the operation, management and reporting of allowable Medicaid administrative activities for approved 1915 (b) and/or (c) HCBS waivers. KHPA will submit all necessary application and amendment materials to the CMS in order to secure and maintain approval of all proposed and existing waivers issued under Medicaid as deemed appropriate by the KHPA (refer to Subsection 4.5 of this Agreement). SRS will furnish information, make recommendations, and respond to any pending waiver request or amendment.
 - 2. KHPA staff will assist SRS with MMIS-related information or data requests from SRS, and SRS will report waiver expenditures, service utilization information, quality assurance, safety and security information and all other pertinent information to CMS and copy KHPA, in compliance with applicable Federal regulations.

Schedule B

ELIGIBILITY PROCESS AND IMPLEMENTATION

I. SCOPE OF WORK

- A. As the Single State Medicaid Agency, KHPA will establish eligibility requirements and related policy. Eligibility means those financial and non-financial criteria that must be met in order to qualify for benefits and services. KHPA will establish eligibility policy per federal and state law and regulations for all covered medical assistance groups and populations, including Title XIX Medicaid (known as regular medical), Title XXI, and MediKan.
- B. KHPA and SRS will collaborate in establishing and implementing eligibility policy and processes across both KHPA and SRS programs, including but not limited to the following:
 - 1. New and revised policy development,
 - 2. Policy implementation procedures and processes
 - 3. Training of staff
 - 4. Data collection and access
 - 5. Estate recovery procedures and policies
 - 6. Development and modification of paper and online SRS assistance applications
 - 7. Presumptive medical disability determination procedures and policies.
 - 8. Routine policy guidance
 - 9. Outreach for expanded participation.
- C. Training and Professional Development
 - 1. KHPA will provide training to KHPA and SRS regional office staff related to eligibility for medical assistance programs to enable a consistent and accurate application of eligibility policy.
 - 2. KHPA will develop, maintain, and conduct training for SRS eligibility staff regarding all medical programs, provide training on MMIS Fiscal Agent systems according to existing agreements and schedules.
 - 3. SRS will develop, maintain, and conduct KAECSSES training for KHPA staff and contractors.
 - 4. In developing and conducting training for the other agency, each will get input from the other as to content and training schedule, and each will provide as much advance notice about changes in policies and practice as is feasible in the circumstances.

- D. SRS will be responsible for the initial financial eligibility determination for applications when filed through an SRS Service Center. SRS is also responsible for the initial determination of and maintenance of cases determined eligible under all programs that have not been centralized at the HealthWave Eligibility Clearinghouse. KHPA will operate the HealthWave Eligibility Clearinghouse which is responsible for financial eligibility determinations for Family Medical applications they receive, as well as, all maintenance of cases determined eligible under programs that have been centralized. Maintenance functions include adjustment and re-determination of eligibility as well as other administrative activities required by the medical assistance programs, such as third party liability maintenance.

Open communication between SRS field staff and KHPA Clearinghouse staff is encouraged in order to share relevant information.

- E. All changes concerning medical eligibility that require changes to Kansas Administrative Regulations, statutes, and the Medicaid State Plan will be submitted by KHPA.
- F. KHPA is responsible for conducting all aspects of Medicaid Eligibility Quality Control (MEQC) or similar payment error rate measurement projects in collaboration with SRS. SRS will be responsible for monthly random samples for MEQC review.
- G. Policy Memoranda issued regarding the *Implementation of Centralization and Transition of Medical Eligibility* dated 6/22/2001 will serve as guides for casework coordination between KHPA and SRS.
- H. Policy Memorandum development will follow the KHPA policy process as outlined in the *KMAP Procedures Manual*.
- I. KHPA eligibility policy related to child welfare programs, the elderly and disabled programs will be supported in the KEESM and other policy manuals by SRS until KHPA can support policy manual development and maintenance through the KHPA web site. KHPA will provide material to SRS to be included in the Kansas Economic and Employment Support Manual in a format and timeline specified by SRS within 120 days prior to the effective date..
- J. SRS or other designated entities will be responsible for functional eligibility determination or the assessment of a person's functional capabilities and severity of disability for programs SRS manages. Changes in the standards evaluated for functional eligibility shall be coordinated with KHPA.
- K. KHPA and SRS Regions and Central Office will designate a contact person/s to facilitate communication and collaboration.
- L. KHPA will provide and pay for all outreach materials related to KMAP. SRS will assist in conducting outreach for the medical programs by disseminating information at the local SRS service centers and SRS access points.

- M. SRS will maintain the responsibility for investigating suspected eligibility-related fraud for the Medicaid program. SRS will provide KHPA and KHPA IG notice and appropriate documentation of all investigations. KHPA will collaborate and cooperate in this process. KHPA will be responsible for investigating suspected eligibility-related fraud for cases that may be centralized at the Clearinghouse.
- N. SRS will maintain federally required out stationed staffing including, but not limited to disproportionate share hospitals and Federally Qualified Health Centers.
- O. SRS will make referrals and provide data to KHPA for estate recovery activities that occur under the direction and administration of the SRS Regional Offices.

II. REPORTING AND OVERSIGHT

- A. KHPA will establish goals and outcomes for eligibility staff which include but are not limited to: applications, response time, accuracy, customer service quality, training, outreach and marketing, and case activity.
- B. SRS will provide data regarding eligibility actions and activities to KHPA in order to provide oversight of the eligibility function. Monthly reports to provide specific information will be provided to KHPA in a format to be determined. Specific elements in the reports include, but are not limited to the following:

1. Medical assistance application and review activity and disposition, including those involving automatic medical.
2. Medical assistance application and review processing timeframes, including those involving automatic medical.
3. Case read activities, including numbers of cases reviewed, elements reviewed, outcome of the review.
4. Customer Service inquiries related to medical eligibility.

Information will be provided for each SRS Management region as well as statewide totals.

- C. SRS will provide data regarding outreach and marketing activities performed by SRS regional office staff in support of KHPA programs. Monthly reports to provide specific information will be provided to KHPA in a format to be determined and will reflect activity by each SRS Management region as well as statewide totals.

SCHEDULE C

MEDICAID PROGRAMS

PURPOSE

The purpose of this schedule is to identify the medical services programs administered by SRS that are reimbursable under the Medicaid Program as stated in the Kansas Medicaid State Plan including any waivers approved by Centers for Medicare and Medicaid (CMS) or the Secretary for Health and Human Services. The listing in this schedule is a general overview of existing programs, and is not exhaustive or permanent. As changes occur to these programs, they will be governed by the overall provisions of this agreement.

Both KHPA and SRS recognize the responsibilities imposed upon KHPA, as the agency authorized to administer the Medicaid program, and acknowledge the importance of ensuring that KHPA retains the final authority necessary to discharge its responsibilities. Both Agencies recognize that consistent with the general principles upon which this Agreement is based, SRS shares responsibility for certain services and functions.

KHPA recognizes that SRS has the state share responsibility for certain Medicaid services either through program administration or as the direct service provider. KHPA shall provide the federal share of payment for these services as performed by enrolled providers in accordance with the reimbursement provisions described in Article IX, Section 9.1 of this Agreement. SRS shall not be responsible for the state share for services provided to the refugee population which is funded by 100 percent federal funds.

I. Public Intermediate Care Facilities for the Mentally Retarded (ICF/MR) (42 CFR 483.400)

SRS shall administer medical services to persons served in a public Intermediate Care Facilities for the Mentally Retarded. KHPA shall reimburse SRS the federal share of costs incurred in performing these services.

II. Section 1915(c) Home and Community Based Waivers (42 CFR 440.180)

- A. Waiver for Persons with Mental Retardation or other Developmental Disabilities (HCBS-DD)
- B. Waiver for Persons with Physical Disabilities (HCBS-PD)
- C. Waiver for Persons with Traumatic Brain Injuries (HCBS-TBI)
- D. Waiver for Technology-Dependent Children (HCBS-TA)
- E. Waiver and/or grant program for services that are alternatives to Psychiatric Residential Treatment Facilities (PRTF)

III. Private ICF/MR

IV. Attendant Care for Independent Living (ACIL)

V. Targeted Case Management (TCM) for all applicable programs managed by SRS.

VI. Substance Abuse Treatment, including state plan-based and 1915(b)/(c) waiver based services and including all administrative services associated with substance abuse treatment services. This includes primary oversight responsibilities associated with the Prepaid Inpatient Health Plan contract and related services. KHPA as the single state Medicaid agency has rights to oversight that will be specified in the internal control plan.

VII. TBI Rehabilitation Facilities

VIII. Psychologist and Psychiatrist Services

IX. Mental health treatment services, community mental health center, licensed mental health practitioner, other practitioner and/or behavior management services, including state plan-based and 1915(b)/(c) waiver based services and including concurrent utilization reviews, medical necessity reviews, and other administrative services associated with mental health and/or behavioral management services. This includes oversight responsibilities associated with the Prepaid Ambulatory Health Plan contract and related services.

X. Waiver for Children with Severe Emotional Disturbance (HCBS-SED) and/or for youth accessing services as an alternative of Psychiatric Residential Treatment Facilities services.

XI. Positive Behavior Support

XII. The following institutions of mental disease:

- A. State mental health hospitals
- B. Nursing facilities for mental health
- C. Psychiatric Residential Treatment Facilities (PRTF)

SCHEDULE D
COOPERATIVE AGREEMENT
FOR
THIRD PARTY LIABILITY AND CHILD SUPPORT ENFORCEMENT

PURPOSE

Under 42 U.S.C. § 651, et seq., the SRS Child Support Enforcement unit (SRS-CSE) is the single state IV-D agency responsible for administering a statewide plan of services under Title IV-D of the Social Security Act.

I. SCOPE OF WORK

A. SECURING MEDICAL INSURANCE INFORMATION

1. In all cases where rights to medical support and payment for medical care from any third party have been assigned pursuant to 42 CFR §433.146, SRS-CSE will obtain the following information, and provide such information to KHPA pursuant to 45 CFR §303.30:
 - (a) Beneficiary name, Social Security number, and date of birth
 - (b) Policy holder name, Social Security number, date of birth, and relationship to beneficiary
 - (c) Insurance company carrier code, policy number, policy group number, policy type coverage, effective date, and end date
 - (d) Employer name, employer identification number, and mailing address
2. SRS-CSE shall provide the information obtained under paragraph (1) of this section to KHPA nightly, electronically.
3. SRS-CSE shall inform individuals applying for services pursuant to 45 CFR §302.33 that medical support enforcement services are available and that, pursuant to 45 CFR §303.30, SRS-CSE shall secure and forward the information specified in paragraph (1) of this section to KHPA if the individual is a Medicaid applicant or recipient.

B. KHPA AGREES AS FOLLOWS:

1. To assist SRS-CSE with the development and regular use of the most efficient and cost-effective means to exchange information between KHPA and SRS-CSE.
2. To communicate regularly with SRS-CSE about KHPA procedure, policy or law which may affect the working relationship between KHPA and

SRS-CSE or which may benefit SRS-CSE's collection of child support or medical support.

3. To provide SRS-CSE notification as to the termination of health insurance policies.
4. To provide SRS-CSE with any and all information with regard to third parties who may be liable for medical support to KHPA, such information may include the following:
 - (a) Beneficiary name, Social Security number, and date of birth
 - (b) Policy holder name and relationship to beneficiary
 - (c) Insurance company name, policy number, policy group number, policy type coverage, effective date, and end date.
5. KHPA must safeguard information obtained from the exchange with SRS-CSE, pursuant to 42 CFR §433.138 (h).
6. SRS and KHPA are committed to conducting a series of meetings to comprehensively address TPL and Child Support issues regarding the provisions of 42 CFR §433.138 (i), 42 CFR §433.152; and 42 CFR §433.153(a) and (b).
7. KHPA will provide birth expenses data for SRS-CSE court cases in a timely manner through the MMIS and established processes for managed care contractors.

SCHEDULE E

WORKING HEALTHY

PURPOSE

The seven *Working Healthy* Benefits Specialists provide people with disabilities benefits planning, assistance to enroll in *Working Healthy* and WORK, program outreach and other program initiatives that promote the program statewide. The decision to become employed or increase employment can be a difficult decision for people with disabilities because additional income may cause other program benefits to be reduced, resulting in a net loss to them. The Benefit Specialists work with each individual to determine how employment would impact all benefits and determine if *Working Healthy* is really the best option. This becomes even more important as *WORK* is implemented, as people on waivers who are employed, or who want to be employed, will have to decide whether to access services through *WORK* or remain on the waiver. These individuals will need assurance that their services will not be jeopardized, and that employment will benefit them financially, before they are willing to take this monumental step.

I. SCOPE OF WORK

- A. KHPA will be responsible for the following regarding the *Working Healthy* Benefits Specialists:
1. establishing all program goals and outcomes;
 2. providing policy direction and technical assistance;
 3. measuring and determining progress towards program goals;
 4. determining functions of the benefits specialists;
 5. determining changes in functions of the benefits specialists;
 6. assisting SRS in its development and maintenance of current position descriptions by developing individual performance goals and strategies for successful performance;
 7. directing activities based on *Working Healthy*/WORK program needs and grant goals and objectives;
 8. coordinating program outreach activities and related travel;
 9. paying for travel

10. determining training needs and coordinate training;
11. specifying reports necessary for federal reporting;
12. collaborating in the hiring process, including:
 - (a) collaborating on decisions to fill positions and where those positions should be located;
 - (b) collaborating in arranging coverage and assistance for regions when staff are absent;
 - (c) participating in interview and selection process.
13. collaborating in performance management, including:
 - (a) informing SRS if there are performance concerns, and provide input into any necessary corrective or disciplinary action;
 - (b) providing feedback on performance;
 - (c) providing input for annual evaluation and others if needed.

B. SRS will be responsible for the following activities related to the Benefits Specialists:

1. providing salaries, office space and equipment for seven Benefits Specialist positions located regionally statewide;
2. providing orientation to the regional office's policies and procedures;
3. ensuring Benefits Specialists act in accordance with policy direction and program goals established by KHPA;
4. personnel management, including: recruiting, hiring, position descriptions, disciplinary actions and evaluations, with input from KHPA;
5. incorporation of individual performance goals and strategies developed by KHPA into benefits specialist position descriptions;
6. monitoring performance, with input from KHPA, with an emphasis on measuring and determining progress towards program goals

II. Program Agreement - *WORK*

WORK is the new Medicaid State Plan package of services available for individuals with cognitive and physical disabilities, eligible for *Working Healthy*, who need personal assistance and other services to live and work in the community. Employed individuals on HCBS Waivers who choose to enroll in *Working Healthy* may access their personal assistance services through *WORK*. They are, however, taking a risk of not having *WORK* or waiver services if they were to lose employment or become too ill to work. In the event of unemployment or illness, individuals

on waiting lists for HCBS waiver services are assuming a similar risk in giving up their position on the waiting list. In order to reduce the risk:

A. KHPA agrees to:

1. allow individuals a six months “grace period” to access services through *WORK* while they seek alternative employment, or are well enough to return to previous employment;
2. coordinate and communicate with SRS Community Supports and Services Waiver Managers regarding the movement from or to an HCBS waiver.

B. SRS agrees to:

1. allow *Working Healthy/WORK* enrollees who were previously on a waiver and are no longer employed to move back to the waiver from which they came as a “crisis exception”, or through some other mechanism.
2. allow *Working Healthy/WORK* enrollees who were previously on an HCBS waiver waiting list to return to the waiting list in the position that they would have achieved had they not left the waiting list, i.e., to move up on the waiting list as though they still planned to access waiver services.